

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /088 W

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R 131727Z FEB 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8283

INFO ALL EC CAPITALS 347

AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: GATT, ETRD, EEC, CA

SUBJECT: SETTLEMENT OF THE CANADIAN/EC GATT XXIV:6 NEGOTIATIONS

1. WE HAVE BEEN INFORMED PRIVATELY BY OFFICIALS IN THE COMMISSION AND IN THE CANADIAN DELEGATION THAT CANADA AND THE COMMISSION HAVE REACHED AD REFERENDUM AGREEMENT ON SETTLEMENT OF CANADA'S ARTICLE XXIV:6 CLAIM AGAINST THE COMMUNITY. THE CANADIAN GOVERNMENT HAS YET TO CONCUR IN THE AGREEMENT, AND THE COMMISSION HAS YET TO OBTAIN THE AGREEMENT OF THE MEMBER STATES. SINCE THE AGREEMENT IS NOT YET FINAL, WE HAVE ENCOUNTERED SOME RETICENCE IN FURNISHING US DETAILS. OUR SOURCES TELL US THE ANTICIPATE THAT BOTH SIDES EXPECT TO GIVE FINAL APPROVAL SHORTLY.

2. AS WE UNDERSTAND IT, THE PRINCIPAL ELEMENTS OF THE AGREEMENT ARE AS FOLLOWS:

(A) THE COMMUNITY WILL IMPOSE A SPECIFIC DUTY OF 15 UA/100 KG IN LIEU OF A VARIABLE LEVY ON AGED CHEDDAR CHEESE FOR AN UNLIMITED QUANTITY OF IMPORTS. THIS REDUCTION WILL APPLY ONLY TO CHEESE WHICH MEETS CERTAIN QUALITY STANDARDS AND WHOSE CIF  
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VALUE EXCEEDS 1.7725 UA PER KILO. THIS MINIMUM CIF VALUE

WILL BE INCREASED OR DECREASED IN LINE WITH CHANGES IN THE EC THRESHOLD PRICE FOR CHEDDAR. CANADA WILL PROVIDE GUARANTEES THAT ITS AGED CHEDDAR WILL CONFORM IN QUALITY AND MINIMUM IMPORT PRICES. AS WE UNDERSTAND IT, THIS CONCESSION WILL BE ON AN MFN BASIS, PROVIDED OTHER SUPPLIERS MEET THE CONDITIONS, WHICH ARE SIMILAR TO THOSE IN EC AGREEMENTS WITH SWITZERLAND, AUSTRALIA AND FINLAND ON EMMENTHAL AND OTHER HARD CHEESES;

(B) THE TWO SIDES WILL MAKE A JOINT DECLARATION ON GRAINS. COMMISSION SOURCES TELL US THAT THE JOINT DECLARATION, SO FAR AS THE COMMUNITY IS CONCERNED, SETS FORTH IN DIFFERENT WORDS THE PRINCIPLES EXPRESSED IN THE US/EC GRAINS STATEMENTS. HOWEVER, THE CANADIAN AMBASSADOR INFORMED AMBASSADOR GREENWALD THAT CANADA FELT IT HAD SUCCEEDED IN OBTAINING TIGHTER PROTECTION OF ITS GRAIN RIGHTS THAN HAD THE UNITED STATES.

3. THE TEXT OF THE JOINT DECLARATION ON GRAINS, WHICH WAS FURNISHED TO US IN CONFIDENCE, IS AS FOLLOWS: BEGIN TEXT:

CANADA AND THE EUROPEAN COMMUNITIES HAVE BEEN ABLE TO REACH AN AGREEMENT IN THEIR ARTICLE XXIV:6 NEGOTIATIONS EXCEPT ON CEREALS (ITEMS 10.01, 10.03 IN SCHEDULE XIX OF BRITIAN AND ITEM 10.01 IN SCHEDULE XXII OF DENMARK).

NOTWITHSTANDING THE ABOVE EXCEPTION, AND TAKING INTO ACCOUNT THE COMPLEXITY OF THE PROBLEMS CONCERNING CEREALS, CANADA AND THE EUROPEAN COMMUNITIES AGREE TO CONTINUE DISCUSSIONS WITH A VIEW TO FINDING THROUGH INTERNATIONAL NEGOTIATIONS AGREED SOLUTIONS TO PROBLEMS OF INTERNATIONAL TRADE IN CEREALS.

IN ADDITION IT IS AGREED THAT THE EUROPEAN COMMUNITIES WILL INSERT IN THEIR NEW SCHEDULES (LXXII AND LXXII BIS) THE INITIAL NEGOTIATING RIGHTS OF CANADA ON THOSE ITEMS FOR WHICH CANADA HAD SUCH RIGHTS IN THE SCHEDULES OF THE COMMUNITY OF SIX (XL AND XL BIS). IN VIEW OF THE ABSENCE OF A COMPLETE AGREEMENT IN ALL THEIR ARTICLE XXIV:6 NEGOTIATIONS, THE EC HAVE INSERTED IN THEIR SCHEDULES A GENERAL NOTE WHICH READS AS FOLLOWS:

"1. THE EUROPEAN COMMUNITIES RESERVE THE RIGHT OF LIMITED OFFICIAL USE

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MODIFYING THE PRESENT SCHEDULE OF CONCESSIONS TO RESTORE THE BALANCE OF CONCESSIONS IF A CONTRACTING PARTY, INVOKING THE PRIVISIONS OF ARTICLE XXVIII.3, WERE TO WITHDRAW CONCESSIONS FOLLOWING THE ARTICLE XXIV:6 RENEGOTIATIONS IN CONNECTION WITH THE ENLARGEMENT OF THE COMMUNITIES. IF SUCH MODIFICATIONS SHOULD TAKE PLACE, TE COMMUNITIES, ACTING IN CONFORMITY WITH THE PROVISIONS OF ARTICLE XXVIII.2, AND

IN THE FRAMEWORK OF THE PROCEDURES AND MODALITIES OF  
NEGOTIATIONS FOLLOWED IN THE COURSE OF RENEGOTIATIONS,  
SHALL ENDEAVOUR TO MAINTAIN THE CONCESSIONS GRANTED TO  
EACH OF THE THIRD PARTIES TO THE RENEGOTIATIONS AT A  
LEVEL NO LESS FAVOURABLE THAN THAT PROVIDED BY THE  
CURRENT SCHEDULE, EACH OF THEM PRESERVING VIS-A-VIS  
THE COMMUNITIES THE RIGHTS ARISING FROM THE PRO-  
VISIONS OF ARTICLE XXVIII."

CANADA'S ADHERENCE TO THIS JOINT STATEMENT IN NO WAY  
IMPLIES ACCEPTANCE BY CANADA OF GENERAL NOTE 1 IN THE DRAFT  
NEW SCHEDULES LXXII AND LXXII (BIS), NOR LIMITS CANADA'S  
RIGHT TO REQUEST THE CONTRACTING PARTIES TO EXAMINE WHETHER THE  
RESERVATION WITH THE EUROPEAN COMMUNITIES' OBLIGATIONS UNDER THE  
PROVISIONS OF THE GENERAL AGREEMENT.

CANADA AND THE EUROPEAN COMMUNITIES JOINTLY REQUEST THE  
GATT COUNCIL TO EXTEND THE TIME LIMIT IN ARTICLE XXVIII.3  
INsofar AS THE CEREAL ITEMS MENTIONED ABOVE ARE CONCERNED.  
END TEXT.GREENWALD

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## Message Attributes

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